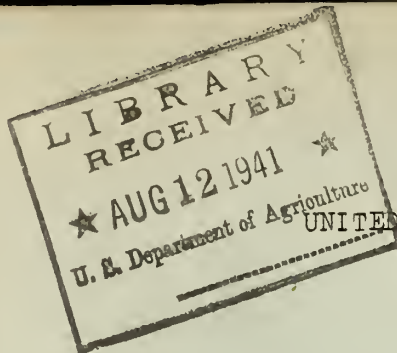


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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Information

AND-39-41
August 8, 1941.

Part I - ~~STRICTLY CONFIDENTIAL~~

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AGRICULTURE AND NATIONAL DEFENSE

BRAZIL: Negotiations will be initiated in the near future by British cotton firms with Brazilian cotton exporters for the purchase of approximately 1,000,000 pounds sterling (\$4,025,000) worth of cotton. The cotton will not be purchased through the Brazilian Government but will be purchased direct.

There are indications that the Vichy Government has begun negotiations to buy 52,000 contos (\$3,150,000) worth of Sao Paulo cotton to be paid for by the redemption of part of the French bonds of the Sao Paulo-Rio Grande railway. This cotton will be stored in Brazil.

GERMANY: The semi-official news service, DIENST AUS DEUTSHLAND, states in a press release of July 30, 1941, that the German Food Ministry forecasts an above average bread grain crop for 1941.

ITALY: Indications are that Rumania has agreed, among other things, to deliver 40 percent of the 1941 global wheat export contingent to Italy in accordance with the Italo-Rumanian commercial protocol, signed July 19, 1941, in Rome. It is said that the global contingent has not yet been established. A reliable source states that 60 percent of the Rumanian export contingent will go to Germany.

RUMANIA: An order is reported to have been issued to farmers by the Government instructing them to be prepared to turn over, upon request, one-half of their crops to the authorities. Reports also indicate that large quantities of corn stored in Rumania have been sold and shipped to Italy. A grave shortage of cereals in Italy is indicated by this step. It should have little effect, however, upon Rumania, since an abundant corn crop is expected this year.

SPAIN: Reports indicate that Spanish Government has concluded arrangements for purchasing approximately 200,000 bales of cotton from Brazil. The British Government has agreed to finance a supply of cotton from Brazil by making available a part of the Spanish sterling credits now existing in London but the quantity to be imported has not been agreed upon. By this arrangement the British will further the program of economic assistance to Spain and at the same time will diminish Brazil's unfavorable balance with Great Britain which has prevented the payment of certain accumulated indebtedness.

INDIA: An additional quota of approximately 10,000 bales of white and yellow East Indian wool from present stocks has been granted by the Government to recognized Liverpool shippers for export to the United States before September 30. Export rights are transferable.

BURMA: Chinese assets in Burma were frozen by the Burmese Government. However, certain accounts of firms and persons in unoccupied and uncontrolled China will be released from the order's effect since the object of the measure is not to interfere with the operations of the Chinese Government and with legitimate trade with unoccupied China. Also not affected by the order are the private accounts of Chinese residents in Burma.

Japanese vessels arrived in Rangoon during the past week to load previously purchased rice. Rice bought and paid for before the freezing order took effect may be shipped, according to an official announcement, but no licenses will be issued for rice ordered and not paid for. The equivalent of more than U. S. \$12,000,000 worth of Burmese rice has been shipped to Japan so far this year. No payment has been made for 21,000 tons of rice which are included among outstanding Japanese orders.

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Part II - FOR ADMINISTRATIVE USE

AGRICULTURE AND NATIONAL DEFENSE

NO CHEESE PROFITEERING BY BRITISH: Recurring rumors that Britain was charging its citizens as high as \$1 a pound for American cheese are without foundation. To clear up the situation, Mr. David Wills of the British Supply Council has prepared the following statement:

"Early in the war, before cheese was rationed in England, some importers were licensed to bring in fancy cheeses from Argentina. Because they were fancy types they were not included in the British ration system. Recently some of these cheeses showed up in hotels and high-price restaurants and did sell at fancy prices. The total amount of these fancy cheeses was less than one-fourth of 1 percent of the total supply. Since June 30, however, these Argentine cheeses have been subject to the same price control as other cheeses.

"All cheese is now sold in England at 21-2/3 cents per pound to the consumers. The British ration of cheese is 2 ounces per week -- about 6 pounds per year. This is about two-thirds of the average pre-war consumption of cheese. Miners, agricultural workers, and vegetarians get 8 ounces of cheese per week. Because of a severe shortage of meat and other proteins the demand, and the need for cheese, is now much greater than before the war.

"The British Ministry of Food is the sole importer of practically all food products. Although the ordinary channels of food distribution are used, the Ministry of Food controls food prices, including prices charged by wholesalers and prices charged by retailers.

"The margins are calculated to remunerate those in the distributive system for their services. If by chance any individual concern should make a profit above last year's then the Government takes 100 percent of this excess through an excess profits tax. In order to keep down the price of rationed foods to a level which the poorer consumers can afford the Government subsidizes the Ministry of Food at the rate of about 400 million dollars a year."

SUBCOMMITTEES APPOINTED BY BAE'S CHIEF H. R. TOLLEY have begun surveys for agriculture. Job breaks down into two general categories, one of production goals and the other on agricultural needs. Work has been speeded up since Secretary Wickard and staff met with Director General Knudsen (OPM) and staff last week. Tolley is directing committee working on production goals which has been expanded to make suggestions on building up stockpiles, particularly of foods, in light of increased domestic demand and larger orders from Britain.

FOUR SUBCOMMITTEES, WORKING UNDER DIRECTION OF BAE'S F. F. ELLIOTT, WILL report on agricultural needs. First will survey farm machinery field. No. 2 group will check needs for processing equipment, such as in feedmills, cheese plants, etc. No. 3 will be concerned with supplies of fertilizer, insecticides, fungicides, and other critical chemicals. No. 4 reports on packaging and storage.

ALREADY SPECIFIC RECOMMENDATIONS BEGIN TO COME FORTH. Subcommittee No. 4 on agricultural needs points out necessity of planting every possible acre in Southeast and a few other adapted sections to winter legumes as a means of providing nitrogen supply and lessening drain on possible short stocks of nitrogenous fertilizers in 1942. Though AAA provided for increased production of seed of winter legumes in 1941 program, and increased acreage was planted, yields were cut by poor growing conditions. Hence not enough seed on hand to sow all acreage that should and could be sown. However, subcommittee's preliminary report urges step-up in 1942 production of seed so as to make maximum use of legumes as nitrogen factories winter-after-next. Also may be some drive on making greater use of the type of legumes (such as bur clover) which reseed themselves. But no big drive on winter legume acreage increase this year, for all the seed available will be used without a drive, and a drive might simply run up the price of the available seed supply.

PACKAGING CONTINUES CRITICAL. May come to allocation of burlap for farm needs before long.

BUFFALO BINS BRIM FULL OF WHEAT. Most major terminal markets now on the embargo list for wheat. (Farmer can't ship to these markets without having storage commitment in advance.)

STORAGE SHORTAGE NOW EXTENDS TO EASTERN SEABOARD. Survey by railroad representatives and AAA in Philadelphia and Baltimore areas show each will have about a million bushels more wheat than space.

CANADIANS MAKE ROOM FOR U. S. WHEAT. At Duluth, about six million bushels of Canadian grain is in process of moving into temporary storage in Canada to make room for wheat from U. S. crop.

AT THE REQUEST OF THE MARITIME COMMISSION, Secretary Wickard has appointed OADR Director Townsend as agriculture's liaison agent with the Division of Emergency Shipping. Director Townsend will work with the Commission on the expeditious and effective water transport of farm commodities.

INTERNATIONAL WHEAT CONFERENCE meeting in Washington has recessed while delegates send back reports to various governments. Office of Foreign Agricultural Relations says State Department expects delegates to reconvene in about three or four weeks.

BECAUSE OF ZINC SHORTAGE, the Extension Service and Bureau of Home Economics are querying State Home Demonstration agents on possible campaign to conserve old fruit jar lids for use this year and next. Manufacturers report that about 90 percent of the lids bought each year are for replacements, the other 10 percent for new jars.

WORKING RELATIONS WITH OFFICE OF PRODUCTION MANAGEMENT continue to improve rapidly since Secretary Wickard and staff met with Director General Knudsen and staff. (See above.) Agricultural assignments to OPM commodity committees proceed apace with agriculture obtaining membership on all committees where they have requested agricultural representation.

RAYMOND C. SMITH, OADR'S CHIEF OF THE FARM LABOR DIVISION, has been appointed by Associate Director General Sidney Hillman to serve on the Labor Supply Committee of OPM. Director Hillman, in making the appointment, said that agriculture faces increasingly acute problems in recruiting, training, transporting, and housing farm labor. The action, he continued, is one of the many steps taken by OPM's labor division to relate agricultural needs to the whole labor supply program.

